

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of SOUTHERN  
CALIFORNIA GAS COMPANY In Compliance  
with Resolution G-3334 For a System of Firm,  
Tradable Receipt Point Capacity Rights and  
Related Provisions. (U 904 G)

Application 03-06-040  
(Filed June 30, 2003)

**ASSIGNED COMMISSIONER RULING  
DENYING MOTION FOR RECONSIDERATION OF PROCEDURAL  
SCHEDULE ADOPTED IN THE SEPTEMBER 29 SCOPING MEMO**

This ruling addresses the October 6, 2003 motion of the California Manufacturers and Technology Association, the Southern California Generation Coalition, the Indicated Producers, Coral Energy Resources, L.P., Cabrillo I, LLC, Cabrillo II, LLC, El Segundo Power, LLC, Long Beach Generation, LLC, the Department of General Services and The Utility Reform Network, (hereinafter the “Joint Parties”) for “Expedited Reconsideration of the Procedural Schedule Adopted in the September 29 Scoping Memo.”<sup>1</sup>

---

<sup>1</sup> In addition to the motion for reconsideration, Joint Parties simultaneously filed a motion requesting an order shortening time to October 9, 2003, for responses to the motion for reconsideration with replies if any due by October 10, 2003. On October 7, 2003, Southern California Gas Company (SoCalGas) filed a response in support of the motion to shorten time. On October 8, 2003, ALJ DeUlloa issued a ruling granting the motion to shorten time.

## **POSITION OF PARTIES**

In its motion, Joint Parties suggest that implementation of the D.01-12-018 may not achieve the Commission's original gas industry restructuring (GIR) objectives because of physical changes on the SoCalGas system and on upstream pipelines that have taken place since the issuance of D.01-12-018. Further, Joint Parties argues that implementation of D.01.12-018 may not represent an improvement over the current SoCalGas system.

Joint Parties support Commissioner Brown's proposal for an informal process to explore possible modifications to the CSA. However, Joint Parties propose first conducting an informal review of D.01-12-018 to determine what modifications are appropriate, followed by implementation. Joint Parties argue that such an approach is a more efficient use of the Commission's and parties' resources. Further, Joint Parties maintain that implementation of D.01-12-018 will cause market disruptions and such market disruption can be avoided by following Joint Parties' approach. Lastly, Joint Parties request an additional 30 days time to prepare intervenor testimony.

In response to the motion for reconsideration, SoCalGas, Marathon Oil Company, the Office of Ratepayer Advocates (ORA), El Paso Natural Gas Company and Mojave Pipeline Company filed responses.

SoCalGas agrees with Joint Parties that the market conditions have changed considerably since the comprehensive settlement agreement (CSA) was signed. As examples of changes circumstances, SoCalGas cites "a renewed emphasis on the part of California to energy conservation in general and natural gas conservation in particular," an additional 375 MMcf/d of backbone transmission capacity, changes in the interstate

pipeline point rights and the termination of a gas supply agreement by Exxon/Mobil. SoCalGas does not directly support Joint Parties call for an open-ended informal review, instead SoCalGas asserts that its “preferred case” is responsive to changed circumstances that have occurred and that a 20 day delay should be adopted to allow intervenors to submit testimony address modifications necessary due to changed circumstances.

Lastly, SoCalGas states that if the motion for reconsideration is denied, that the schedule set forth in the scoping memo must not be delayed. SoCalGas observes that the issues first raised by parties in protests to Advice letters (ALs) filed by SoCalGas in early 2002 are similar to the issues raised at the second meet and confer and therefore have been considered by the parties for well over a year.

Marathon Oil supports Brown's determination in the scoping memo to examine separately changes in natural gas market since the issuance of D.01-12-018. However, Marathon proposes an expedited timetable for a formal examination of issues pertaining to the import of liquefied natural gas (LNG), as opposed to the initial informal process proposed in the scoping memo. Marathon proposes a specific and separate schedule for consideration of LNG gas issues.

ORA states that the process proposed by Joint Parties may have some merit, but it is not prepared to go forward in the manner suggested by joint parties. Instead, ORA alternately recommends initiating a process that evaluates the appropriate regulatory structure for the gas transmission system in Southern California. In support of its position, ORA observes that pursuant to the course set forth in the scoping memo, the CSA would be in effect for approximately two years at a cost of approximately \$7.7 million. ORA asserts that the costs of implementing the CSA with a

substantially shorter duration than originally contemplated may outweigh its benefits, particularly if the entire structure will be relitigated.

El Paso and Mohave filed a joint response which supports the schedule and approach taken in the scoping memo. El Paso and Mohave state that Joint Parties have presented no new facts or arguments beyond those previously raised and that the motion for reconsideration represents a last ditch effort to delay implementation of D.01-12-018. Consequently, El Paso and Mohave recommend that Joint Parties' motion for reconsideration be denied.

## **DISCUSSION**

Joint Parties raise a concern that implementation of D.01-12-018 may cause market disruptions and ORA raises a concern about costs of implementing D.01-12-018. Both parties also propose as a solution further delay. I agree with El Paso and Mojave that Joint Parties and ORA have raised no new facts or arguments beyond those previously raised and considered. Further, I agree with SoCalGas that parties have had ample time to consider and address issues raised in the compliance case. Consequently, I will deny the motion of Joint Parties to reconsider the procedural schedule set forth in my September 29, 2003 Scoping Memo.

However, given the parties comments to the motion, I will consider expanding the scope of this proceeding to consider other issues that can be litigated within the existing schedule and provide immediate benefit to California consumers. Lastly, I believe it is in the public interest to also consider in this proceeding any proposed modification to the CSA that is uncontested and sponsored by all parties. Prior to commencement of hearings SoCalGas may submit for Commission consideration changes to the CSA that are uncontested.

**IT IS RULED** that:

1. The motion of Joint Parties dated October 6, 2003, for Expedited Reconsideration of the Procedural Schedule Adopted in the September 29 Scoping Memo is denied.

2. Prior to commencement of hearings SoCalGas may submit for Commission consideration changes to the CSA that are uncontested.

Dated October 20, 2003, at San Francisco, California.

/s/ GEOFFREY F. BROWN

---

Geoffrey F. Brown  
Assigned Commissioner

### **CERTIFICATE OF SERVICE**

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached ASSIGNED COMMISSIONER RULING DENYING MOTION FOR RECONSIDERATION OF PROCEDURAL SCHEDULE ADOPTED IN THE SEPTEMBER 29 SCOPING MEMO on all parties of record in this proceeding or their attorneys of record.

Dated October 20, 2003, at San Francisco, California.

/s/ VANA WHITE

Vana White

### **N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.